



2006-286EG

220768

Kenneth R. Jackson  
Vice President  
Rates and Regulatory Services

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**COPY**  
**Posted:** Ad December 14, 2009  
**Dept:** S.A.  
**Date:** 12/16/09  
**Time:** 12:55

Mr. Charles Terreni  
Chief Clerk & Administrator  
The Public Service Commission of South Carolina  
Post Office Drawer 11649  
Columbia, South Carolina 29211



Dear Mr. Terreni:

Attached are copies of the Quarterly Report for South Carolina Electric & Gas Company, Gas Distribution Operations, for the twelve months ended September 30, 2009.

Sincerely,

  
Kenneth R. Jackson

cw

Attachments

c: John Flitter (ORS)  
Jay Jashinsky (ORS)

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COMMISSION

## CERTIFICATION

I, William B. Timmerman, state and attest, under penalty of perjury, that the attached Quarterly Report of Gas Distribution Operations is filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes; Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



Signature of Chief Executive Officer

William B. Timmerman

Typed or Printed Name of Person Signing

Chairman and Chief Executive Officer

Title

12-14-09

Date Signed

Subscribed and Sworn to me on this 14th of December, 2009.



Notary Public

My Commission Expires: 09-13-2011

## CERTIFICATION

I, Jimmy E. Addison, state and attest, under penalty of perjury, that the attached Quarterly Report of Gas Distribution Operations is filed on behalf of South Carolina Electric & Gas Company as required by the Public Service Commission of South Carolina; That I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes; Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.


  
Signature of Chief Financial Officer

Jimmy E. Addison  
Typed or Printed Name of Person Signing

Chief Financial Officer  
Title

12/14/09  
Date Signed

Subscribed and Sworn to me on this 14th of December, 2009.

  
Notary Public

My Commission Expires: 09-13-2011

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**TOTAL GAS DISTRIBUTION - OPERATING EXPERIENCE**  
**12 MONTHS ENDED**  
**September, 2009**

<u>DESCRIPTION</u>	<u>PER BOOKS ADJ. FOR REGULATORY ORDERS</u>	<u>ACCOUNTING &amp; PRO FORMA ADJUSTMENTS</u>	<u>TOTAL AS ADJUSTED</u>
	<u>COL. A</u>	<u>COL. B</u>	<u>COL. C</u>
	\$	\$	\$
<u>OPERATING REVENUES</u>	440,021,025	13,411,173	453,432,198
<u>OPERATING EXPENSES</u>			
Cost of Gas	300,807,167		300,807,167
Other O&M Expenses	63,200,726	378,978	63,579,704
Deprec. & Amort. Expenses	20,866,413	882,118	21,748,531
Taxes Other Than Income	16,692,687	1,425,437	18,118,124
Income Taxes	9,883,828	4,115,660	13,999,488
State	(2,133,287)	537,995	(1,595,293)
Federal	(12,905,185)	3,577,665	(9,327,520)
Def. Inc. Taxes (Net)	24,243,100	0	24,243,100
Invest. Tax Cr. (Net)	679,200	0	679,200
Total Operating Expenses	411,450,821	6,802,192	418,253,013
Operating Return	28,570,204	6,608,981	35,179,185
Customer Growth	363,156	84,007	447,163
Int. on Cust. Deposits Net	(155,331)		(155,331)
Total Income For Return	28,778,029	6,692,988	35,471,017
<u>ORIGINAL COST RATE BASE</u>			
Gross Plant in Service	771,571,581	658,626	772,230,207
Reserve for Depre.	304,648,189	743,282	305,391,471
Net Plant	466,923,392	(84,656)	466,838,736
CWIP	8,839,403	(1,183,320)	7,656,083
Accum. Def. Income Taxes	(78,620,135)	0	(78,620,135)
Net Deferred Debits / Credits	(5,954,450)	0	(5,954,450)
Materials & Supplies	48,453,471	0	48,453,471
Working Capital	3,582,607	47,372	3,629,979
Total Original Cost Rate Base	443,224,288	(1,220,604)	442,003,684
RATE OF RETURN	6.49%		8.03%
RETURN ON EQUITY	6.80%		9.70%

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SUPPLEMENTAL SCHEDULE  
TO EXHIBIT A

ADJ #	DESCRIPTION	REVENUE	O&M EXPENSE	DEPREC & AMORT EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5.0%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	ACCUM DEPRE	CWIP	OPEB'S	WORKING CAPITAL
1	ADJUST LATERAL CUSTOMER REVENUE FOR TARIFF RATES	222,980			1,121	11,093	73,768					-
2	ANNUALIZE WAGES, BENEFITS AND PAYROLL TAXES		1,352,332		95,986	(72,416)	(481,566)					169,042
3	NORMALIZE INCENTIVE COMPENSATION		(1,253,853)		(80,396)	66,712	443,638					(156,732)
4	REMOVE EMPLOYEE CLUBS		(76,128)	(19,906)		4,802	31,931	(534,131)	(158,692)	-		(9,516)
5	RECOGNIZE PROPERTY RETIREMENTS, DEPRECIATION RESERVES					-	-	(50)	(50)			-
6	RECOGNIZE PROPERTY ADDITIONS/ADJUSTMENTS, PLANT IN SERVICE					-	-	1,192,807		(1,183,320)		-
7	ANNUALIZE DEPRECIATION- ADJUST RESERVE			902,024		(45,101)	(299,923)		902,024			-
8	ANNUALIZE PROPERTY TAXES				1,342,442	(67,122)	(446,362)					-
9	CUSTOMER AWARENESS CAMPAIGN EXPENSES		167,215			(8,361)	(55,599)					20,902
10	ANNUALIZE APPROVED REVENUE INCREASE - ORDER NO. 2008-702 & 2009-723	13,188,193										-
11	HEALTH CARE		191,406		66,284	656,095	4,363,035					23,926
12	ANNUALIZE INSURANCE EXPENSE		(1,994)			(9,570)	(63,642)					(249)
13	TAX EFFECT OF ANNUALIZED INTEREST					100	663					-
						1,763	11,722					-
	<b>TOTAL ADJUSTMENTS</b>	<b>13,411,173</b>	<b>378,978</b>	<b>882,118</b>	<b>1,425,437</b>	<b>537,995</b>	<b>3,577,665</b>	<b>658,626</b>	<b>743,282</b>	<b>(1,183,320)</b>	<b>-</b>	<b>47,372</b>

SUPPLEMENTAL  
SCHEDULE  
TO EXHIBIT A

SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
GAS ANNUALIZED INTEREST EXPENSE  
12 MONTHS ENDED  
September, 2009

RATE BASE		\$443,224,288
LONG-TERM DEBT RATIO		<u>0.4704</u>
		\$208,492,705
AVERAGE COST OF DEBT		<u>0.0614</u>
ANNUALIZED INTEREST		\$12,801,452
TAX BOOK INTEREST		\$13,447,617
INTEREST ADJUSTMENT		<u>(\$646,165)</u>
ADJUSTMENT TO INCOME TAXES:		
STATE INCOME TAX	<u>\$32,308</u>	
FEDERAL INCOME TAX	<u>\$214,850</u>	
TOTAL INCOME TAX EFFECT		<u>\$247,158</u>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**RATE BASE DETAIL TOTAL GAS OPERATIONS**  
**12 MONTHS ENDED**  
**September, 2009**

<b>NET DEFERRED DEBITS/CREDITS</b>	<b>PER BOOKS ADJ. FOR REGULATORY ORDERS</b>	<b>ACCOUNTING &amp; PRO FORMA ADJUSTMENTS</b>	<b>TOTAL AS ADJUSTED</b>
	\$	\$	\$
ENVIRONMENTAL	4,717,910	0	4,717,910
PROPANE AIR PLANTS	649,850	0	649,850
FSB 106 RATE BASE REDUCTION	(11,322,210)	0	(11,322,210)
TOTAL	<u>(5,954,450)</u>	<u>0</u>	<u>(5,954,450)</u>
<b><u>MATERIALS &amp; SUPPLIES</u></b>			
NATURAL GAS STORAGE	47,663,081	0	47,663,081
OTHER M&S	790,390	0	790,390
TOTAL	<u>48,453,471</u>	<u>0</u>	<u>48,453,471</u>
<b><u>WORKING CAPITAL</u></b>			
WORKING CASH	7,900,091	47,372	7,947,463
PREPAYMENTS	11,074,255	0	11,074,255
CUSTOMER DEPOSITS	(7,447,658)	0	(7,447,658)
AVERAGE TAX ACCRUALS	(7,326,335)	0	(7,326,335)
INJURIES & DAMAGES	(617,746)	0	(617,746)
TOTAL WORKING CAPITAL	<u>3,582,607</u>	<u>47,372</u>	<u>3,629,979</u>

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
WEIGHTED COST OF CAPITAL

	AMOUNT PER BOOKS Sep-09 (COL. 1)	CAPITALIZATION RATIO (COL. 2) %	COST OF DEBT RETURN ON EQUITY (COL. 3) %	WEIGHTED COST OF CAPITAL (COL. 4) %
LONG-TERM DEBT	2,790,425,000	(1)	47.04%	6.14%
PREFERRED STOCK	0		0.00%	0.00%
COMMON EQUITY	3,141,458,601	(1)	52.96%	9.70%
TOTAL	5,931,883,601	100.00%		8.03%

(1) Pro Forma Capital Structure includes \$133.8 million associated with equity issuances and \$150 million in debt issuances through December 2009.



**SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
EARNINGS PER SHARE**

Earnings per share are calculated based on average shares outstanding of Parent Company, SCANA Corporation and Companies, and represent South Carolina Electric & Gas Company's contribution to the Parent's overall earnings.

**TWELVE MONTHS ENDED September 30, 2009**

NET INCOME AFTER DIV. OF PREF. STOCK	\$275,812,194
EARNINGS PER SHARE	\$2.28
AVG. NUMBER OF SHARES OUTSTANDING	120,706,426

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
 RATIO OF EARNINGS TO FIXED CHARGES <sup>1</sup>  
 TWELVE MONTHS ENDED September 30, 2009

LINE NO.		<u>\$000's</u>
1	EARNINGS	
2	Net Income	425,197
3	Losses from Equity Investees	-
4	Total Fixed Charges, As Below	<u>173,098</u>
5	TOTAL EARNINGS	<u>598,295</u>
6	FIXED CHARGES	
7	Interest on Long-Term Debt	161,691
8	Other Interest	2,834
9	Amort. Of Debt Prem. - Discount & Exp. (Net)	3,557
10	Rental Int. Portion	5,016
11	Distribution on Trust Preferred	<u>-</u>
12	TOTAL FIXED CHARGES	173,098
13	Pre-tax earnings required to pay Preference Security Dividend	<u>11,696</u>
14	<b>Total Fixed Charges and Preference Security Dividend</b>	<u>184,794</u>
15	RATIO OF EARNINGS TO FIXED CHARGES	3.24
16	<sup>1</sup> - SEC COVERAGE	